MESSAGE

OF

WILLIAM F. PACKER,

GOVERNOR OF PENNSYLVANIA,

TO THE LEGISLATURE, 1859.

A. Boyd Hamilton, State Printer.

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MESSAGE.

To the Honorable the Senators and Members of the House of Representatives of the Commonwealth of Pennsylvania:

GENTLEMEN:—Although the year just closed has been one of great depression in the business and monetary affairs of the country, I am happy to be able to announce to the Representatives of the People, that the finances of Pennsylvania are in a most satisfactory condition.

The receipts at the Treasury, from all sources, for the fiscal year ending on the 30th day of November, 1858, were $4,139,778 35; and the expenditures, for all purposes, during the same time, were $3,775,857 06, leaving an excess of receipts, over expenditures, of $363,921 29.

This exhibit shows that there was actually in the Treasury, on the 1st day of December, 1858, the sum of $363,921 29, more than there was on the 1st day of December, 1857. In addition to this, among the expenditures for the year, were

Loans redeemed	$380,306 85
Relief notes redeemed	41,071 00
Interest certificates redeemed	116 70
Making of the public debt, funded and unfunded, paid during the year, the sum of	421,494 55
If we add to this the excess of money on hand, at the end of the fiscal year, over what remained in the Treasury, at the same time last year, viz:	363,921 29
We have the sum of	785,415 84
But this is not all. The amount paid on the public improvements, including damages and old claims, during the fiscal year, was	$341,036 58
While the amount of revenue, from the same source, for the same period, was only	95,070 06
Making an excess of expenditures over receipts, which happily we will be relieved from in the future, of	245,966 52

This sum should, also, be credited to the operations of the Treasury, during the year, for it was an extraordinary expenditure, which cannot again occur, and was, in fact, a reduction of the liabilities of the Commonwealth, to that extent.

If we add this sum to the amount of debt paid, and the excess of cash on hand, we have for the year a balance in favor of the receipts, over the ordinary expenditures, amounting, in the aggregate, to $1,031,382 36.

But from this, however, should be deducted the extraordinary receipts, which were,

1st. The amount paid by the Pennsylvania railroad company, on the principal of the debt due by the said company to the Commonwealth, for the purchase of the main line....	$100,000 00
2d. The amount received from the Girard Bank, for loans of the Commonwealth, sold by that bank.....	28,000 00
In all.....	128,000 00

Which, deducted from the foregoing aggregate of $1,031,382 36, leaves the true balance of the ordinary receipts over the ordinary expenditures for the fiscal year, at $903,382 36.

The funded and unfunded debt of the Commonwealth, on the 1st day of December, 1857, was as follows:

FUNDED DEBT.

6 per cent. loan.....	$445,180 00
5.....do.....	38,773,212 52
4½.....do.....	388,200 00
4.....do.....	100,000 00
To this should be added 5 per cent. coupon bonds sold by Girard Bank, not before reported.....	28,000 00
Total funded debt.....	39,734,592 52

UNFUNDED DEBT.

Relief notes outstanding.....	$146,421 00
Interest certificates outstanding.....	23,473 82
Do.....unclaimed.....	4,448 38
Domestic creditors.....	802 50
Total unfunded debt.....	175,145 70

Making the entire debt of the Commonwealth at the period named, $39,909,738 22.

The funded and unfunded debt of the State, at the close of the last fiscal year, December 1, 1858, stood as follows:

FUNDED DEBT.

6 per cent. loans.....	$445,180 00
5.....do.....	38,420,905 67
4½.....do.....	388,200 00
4.....do.....	100,000 00
Total funded debt.....	39,354,285 67

UNFUNDED DEBT.

Relief notes outstanding	$105,350 00
Interest certificates	23,357 12
Do. . . . . unclaimed	4,448 38
Domestic creditors	802 50
Total unfunded debt	133,958 00

Making the public debt on the first of December last, $39,488,243 67. Since the close of the fiscal year, the Commissioners of the Sinking Fund have redeemed of the five per cent. loan, the sum of $220,132 51, leaving the real debt of the Commonwealth, at this time, funded and unfunded, $39,-268,111 16.

To meet this, besides the ordinary sources of public revenue, the State owns bonds received from the sale of the public works, and which, I have every reason to believe, are well secured, amounting to $11,000,181. Deducting this from the outstanding debt, it leaves, to be otherwise provided for, the sum of $28,087,111 16.

It is believed that, with the existing sources of revenue, and the observance of strict economy, this sum may be reduced, during the current year, at least $1,000,000.

The present would seem to be the appropriate time—when our nation is at peace—and when health and reasonable prosperity prevail within our own borders—to greatly reduce the public debt. We have but to carefully husband our legitimate resources, avoiding extravagant and unnecessary appropriations, and practicing a proper economy in all the departments of Government, to render the entire extinguishment of our debt a fixed fact within a very brief period. To carefully guard the public Treasury at this interesting epoch in our financial history, is so manifestly the duty of the public authorities, that I cannot for one moment believe that any other policy will be proposed. If there be any, who, relying on the improved condition of the finances of the State, would encourage the adoption of new schemes for depleting the Treasury, or would cut off the sources of our present revenue, and thus reduce it, let all such efforts, coming from whatever quarter they may, be sternly resisted. Let Pennsylvania be just before she is generous. Let our good example be a light in the pathway of our sister States, as well as an admonition to our own local governments. This is due alike to the favors which Providence has so bountifully bestowed upon us, and to that high character for honesty and integrity which has ever distinguished the people of this good old Commonwealth.

In pursuance of the act, entitled "An Act for the sale of the State canals," approved on the 21st day of April last, I did, as the Governor of the Commonwealth, on the 19th day of May, 1858, convey to the Sunbury and Erie railroad company, all the public works belonging to the Commonwealth, then remaining unsold, consisting of the Delaware division—the Upper and Lower North Branch divisions—the West Branch division—and the Susquehanna division of the Pennsylvania canal, with all the property thereunto belonging, or in anywise appertaining, and all the estate, right, title and interest of this Commonwealth therein, for the sum of three millions five hundred thousand dollars. To secure the payment of this sum, the Sunbury and Erie railroad company paid to the State Treasurer its bonds, secured by a mortgage, as directed by the act, for the amount of the purchase money. The company also complied with the provisions of the act which required it, as additional security, to execute and deliver to the State Treasurer a mortgage on the

Delaware division for one million—a mortgage on the Susquehanna and West Branch divisions for half a million—and a mortgage on the Upper and Lower North Branch divisions for half a million of dollars. The deeds and mortgages were all executed under the immediate supervision of the Attorney General, and were in strict conformity with the requirements of the law.

After the conveyances were duly executed and delivered, possession of the canals was given to the railroad company.

The act further provided that the Sunbury and Erie railroad company should not re-sell the canals, or any part of them, without the consent of the Governor; and that if a re-sale were made for a greater sum, in the aggregate, than three and a half millions of dollars, seventy-five per centum of the excess should be paid to the Commonwealth, in the bonds of the purchasers. It was also provided that upon a re-sale, the mortgages given by the Sunbury and Erie railroad company to the Commonwealth, upon the canals, "should be cancelled by the State Treasurer and surrendered to the company by the Governor, on deposit made by the said company in the office of the State Treasurer, of an equal amount of the bonds of their grantees, secured by mortgage of the canal or canals sold as aforesaid"—with a provision that no transfer of securities should be made until the Governor should be satisfied that the new securities to be given were sufficient to protect the interests of the State; and that his written approval of the change should be filed in the office of the Secretary of the Commonwealth.

Sales were made by the Sunbury and Erie railroad company, and reported to me, under the oath of the president, of the different lines, as follows:

The Upper and Lower North Branch canal, to the North Branch canal company, for.....	$1,600,000 00
The West Branch and Susquehanna divisions, to the West Branch and Susquehanna canal company, for.....	500,000 00
The Delaware division, to the Delaware Division canal company of Pennsylvania, for.....	1,775,000 00
In all the sum of.....	3,875,000 00

Upon investigation and inquiry, having become satisfied that these sales were made for fair prices, and upon such terms and to such persons composing the various purchasing associations, as to insure the payment of the purchase money, they were severally approved.

After the contract for the sale of the Delaware division had been entered into, and my consent had been verbally given, and seventy-five thousand dollars of the purchase money had been actually paid by the purchasers, upon the faith of the contract, and my assent thereto, I was informed that a higher price had been offered by responsible persons, for the canal. But, under the circumstances, my opinion was that the offer came too late; and as the railroad company considered itself bound to consummate the agreement by a delivery of the deed and possession of the property to the first purchasers, I could not, in good faith, withhold my assent. The North Branch canal company, subsequent to the purchase of that division, sold that portion of the canal lying between Wilkesbarre and Northumberland, to the Wyoming canal company, for the sum of nine hundred and eighty-five thousand dollars.

On the 13th of September, 1858, bonds of the various companies owning the different canals, secured by mortgages, were, in pursuance of the act, and by my approval, deposited with the State Treasurer, to the amount of two millions of dollars; and the mortgages on the canals given by the Sunbury and Erie railroad company, were cancelled by the State Treasurer, and surrendered by me to the company in accordance with the directions of the

law. At the same time a settlement was made between the Commonwealth and the railroad company, by which the latter paid to the State seventy-five per centum of the proceeds of the re-sale over and above the contract price of three and a half millions. This amounted to two hundred and eighty-one thousand two hundred and fifty dollars, and was paid in the following manner, viz:

Bonds of the Wyoming canal company, secured by mortgage on the canal from Wilkesbarre to Northumberland, payable in twenty years, with interest at six per cent. payable semi-annually	$281,000 00
Cash	250 00
Total	281,250 00

These bonds are well secured, and the accruing interest and principal, when due, will doubtless be promptly paid.

From information of a reliable character, recently communicated to me by the president of the Sunbury and Erie railroad company, it appears that the prospects of an early completion of that great public highway are very encouraging. A large amount of work has been done on the line of the road during the past season, and at this time, very considerable portions of the road are graded and rapidly approaching completion. It is the opinion of the president of the company, that, within two years, the work will be entirely finished, so that cars will be running directly from the city of Philadelphia to the harbor of Erie.

When this great enterprise shall be consummated, and the desire of its friends finally accomplished, the payment of the three millions and a half of mortgage bonds, which the State has received in exchange for the canals, will unquestionably be well secured—whilst the railroad, itself, will prove of incalculable advantage to our great commercial emporium, as well as to the important, but long neglected region through which it passes. Its construction will undoubtedly add to the value of the real estate of the Commonwealth many times its cost, and develop and bring into use the rich resources of a country which have hitherto remained as they were lavishly strown by the hand of nature. I have an abiding confidence that the result will abundantly prove the wisdom of the measure, which, while it guaranteed the completion of one of the greatest improvements ever projected in the Commonwealth, it, at the same time, divorced the State from the unprofitable and demoralizing management of her railroads and canals.

Whatever differences of opinion may, at any time, have been entertained in regard to the propriety of the details of the legislation authorizing the sale of the main line, or the branches, it can scarcely be doubted, that the public welfare will, in every respect, be vastly promoted by the transfer of the management of the public works from the State to individual owners.

The short experience that we have had already, proves conclusively that the Commonwealth is greatly the gainer, in a financial point of view, and it has been equally demonstrated that the people at large have been as well, if not better accommodated, by the change.

It would, in my judgment, be a public calamity, if, by the happening of any contingency, the Commonwealth should be constrained to again become the owner, and resume the management, of any portion of the public improvements.

The power of the General Assembly to pass the act of the 21st of April, 1858, relative to the sale of the State canals, was questioned before the Supreme Court of the State, since the transfer of the canals; and, after full

argument, the constitutionality of the act was sustained by the unanimous judgment of the court.

Since the sale of the public works, and the settlement of the principal outstanding claims against the State, it is obvious that there is no further necessity for a Board of Canal Commissioners, or a canal department. I, therefore, recommend the abolition of the Board, and that provision be made for the transfer of the records to the office of the Auditor General.

In view of the foregoing exhibit of our resources and financial condition, it is apparent that a most interesting era has been reached in the history of the Commonwealth. Relieved from the entangling embarrassments of an extensive system of internal improvements, the means of the State are now ample for all legitimate purposes, and her public debt is gradually but certainly disappearing. From these and other causes, governmental action has become greatly simplified, and the nature of the subjects of its operation has changed in a degree no less remarkable.

The almost entire disposal of the lands which belonged to the State, has already dispensed with one of the departments created for their care, and will, ultimately, render the other unnecessary, except for preserving the evidences of their transfer.

The sale of the public works has relieved the Executive branch of the government of many of its most responsible and perplexing duties, and in effect, dispensed with one of its most formidable and difficult departments.

In the same proportion, the action of the Legislature will, if the representatives of the people be true to the interests reposed, and sternly refuse to entangle the public with those numerous projects and enterprises which are continually seeking its alliance, be simplified and economized, purified and strengthened.

And it is as remarkable as it is propitious, that an era which has thus relieved the State authorities of burthens that consisted, either of mere material interests, or the care of local administration,—committing the one to the local sovereignty of the people, and the other to private or associated enterprise,—should also present for consideration and promotion intellectual and moral claims of peculiar importance.

It is at this period in our history, that the system of public education challenges the attention of the most unobservant. And I shall be much mistaken in the cautious but steadfast character of the people of Pennsylvania, if their representatives do not make it the first object of their solicitude.

The annual report of the Superintendent of Common Schools, will lay before you the present condition of the common school system, and of its operations during the past year. Your close and scrutinizing attention is invited to the details of that document.

Including the city of Philadelphia, it will be observed, that there were in the public schools of the State, during the year which terminated on the first Monday of last June, 628,201 pupils; these were instructed during an average term of a little over five months, in 11,281 schools, by 13,856 teachers, at a total cost of $2,427,632 41.

Here is a public interest, which,—whether we regard its ramifications into every portion of our social fabric, its large cost, the important powers over the present which it wields, or its incalculable influence upon the future,—undoubtedly transcends all others committed to the care of the secular authorities. This being the case, I have no hesitation in asserting that the time has arrived when its full importance should be recognized, and that its due administration should be made the duty of a fully organized and effective, as well as a separate department in the government.

But the mere care and promotion of our system of common schools—important and extensive as it obviously is,—should not be the sole object of such a Department. If it is true that the power to punish crime includes also the right to prevent it, by providing for the proper intellectual and moral training of the people, it would seem to follow that the Department charged with the latter momentous duty, should also be in possession of all the sources and subjects of information, calculated to shed light upon the object of its action. Hence the collection, arrangement, and practical deductions from population and industrial statistics; from natural defects, such as deafness and dumbness, blindness and lunacy; from crime in its various forms and developments; together with such control over all the literary and scientific institutions in the state, as shall bring their full condition into view—should also belong to the same Department.

Therefore, I most respectfully, but earnestly, urge upon your favorable consideration, at the present propitious moment, the organization of such a Department, in the room of those for the care of mere matter whose agency has been or soon will be discontinued by the onward and upward progress of the Commonwealth.

A suitable Department of Public Instruction, will not, however, of itself, effect all that is needed in this direction. The general results of the common school system, already cited, show the importance of its nature, and the magnitude of its operations. If we look, also, into its special statistics, the conclusion will be equally clear that certain improvements in its working machinery, are indispensable.

It is needless to attempt to prove the truism that the properly qualified teacher is the life and success of the school. But the facts are startling, that of the 12,828 teachers of our public schools, exclusive of those in Philadelphia, only 5,087 are reported as "qualified" for their important trust; while 5,387 are returned as "medium," or such as are only tolerated till better can be obtained; and that 2,313 are stated to be "unfit." In other words: of the 569,880 children attending the schools out of Philadelphia, only about 230,000 (less than one half) are under proper instruction and training; while about 240,000 are receiving insufficient instruction from inferior teachers; 100,000 are actually in charge of persons wholly unfit for the task.

This presents the subject in a light that can not be shut out, and though the great and commendable efforts recently made by the teachers of Pennsylvania, for their own improvement, are fully recognized, it can not be concealed that there is a work yet to be done, in this relation, which would seem to be beyond their unaided power to accomplish.

When, however, we look further into the special statistics of this branch of the system, the material for improvement is found to be of the most promising kind. Of the 12,828 teachers of our common schools, 10,889 are under thirty years of age, and 10,946 are natives of Pennsylvania; and a larger proportion than in most of the other States, are permanently devoted to the profession of teaching. To render these fit for the position to which they aspire—undoubtedly one of the most useful and honorable in the world—and to raise up a constant supply of well qualified successors, is the work to be done.

Various modes of effecting this object have been suggested or tried; but, after mature reflection, I am led to prefer that devised by the act of May 20, 1857, entitled "An Act to provide for the due training of teachers for the common schools of the State." It places, in relation to the State, the teacher on the same footing with the members of such of the other learned professions as have been recognized by public authority; and it is to be regretted that the prostration of business and scarcity of money, that so soon followed the pas-

sage of the act, had the effect of checking many laudable efforts to put its provisions into operation. Under these circumstances, does it not become the duty of the State to afford such aid, or at least hold out such inducements as shall enable this measure to be fairly tested?

The passage of a law guaranteeing the payment of a moderate sum to one teachers' school in each of the districts created by the act of 1857, would no doubt cause a sufficient number to establish the efficiency and practicability of the plan, to be completed in a few years; the money not to be paid till the schools were in full and approved operation. It is not probable that this grant would cause any considerable draft on the Treasury; but, even if the whole twelve schools should ultimately be established, the boon would neither be out of proportion to that which has been conceded to other literary institutions, nor the number of graduates beyond the wants of the community. Up to the present time, Pennsylvania has appropriated about $600,000 in aid of her colleges and academies, and this mainly in the hope of obtaining from them teachers for the common schools. Though the benefits of this munificence have been, in other respects, quite equal to the amount given, it will be asserted by no one that the avowed object has been to any considerable extent effected. It would, therefore, appear to be time that the aid of the State should be brought directly to bear in favor of the great object so long contemplated.

I have thus briefly laid before you the condition of our noble educational system. It will afford me sincere pleasure to concur in the adoption of these, or any other measures, for its perfection, that the wisdom of the Legislature may devise.

In this country, the want of a school which shall combine the elements of learning and agricultural labor, and thus adapt itself to the education of the farmer, has been most seriously felt; for, whilst our many colleges well fill the measure of usefulness in their appropriate sphere of influence, it must be conceded that the training they impart is badly adapted to the art of practical agriculture. In Pennsylvania that interest is so important as to demand at all times our anxious attention and active support. "The Farmers' High School of Pennsylvania," lately projected and planned by a few public spirited individuals, and which has received, to some extent, the patronage of the State, and the contributions of a number of our patriotic citizens, is destined to afford a place where young men may be educated at an expense commensurate with their means, and to a condition qualifying them for the pursuit of the business of the farm. Here, whilst daily occupation will train the body to the ability to labor, and give to the student the enviable feeling that he contributes to his own support and education, it will instruct and enlarge his mind, that it may give force and effect to all his future efforts. The design of the institution is to afford a school where boys may be thoroughly educated in all the branches of natural science, and, at the same time, be inured to the performance of labor; so that at their graduation they may return to their parents abundantly prepared to join the domestic circle, to give a right direction to the business of agriculture, and act well their part in every department of life. An object so fraught with usefulness is entitled to the highest commendation.

The application of scientific principles to the practical purposes of life, is but realizing the full benefit of those laws of nature, to discover and to profit by which, is undoubtedly one of the great ends of human reason. The more this important object is held in view and effected by our higher institutions of learning, the more valuable and useful will they become. The Polytechnic college of Pennsylvania at Philadelphia, is founded on this basis; and its attempt to popularize science, and connect high acquirement with practical ability, is presented to your favorable consideration.

Under a resolution of the last House of Representatives a committee was appointed by the Speaker of the House, to examine the state and condition of several banks chartered at the session of 1857. The resolution directed the committee to report to the Governor the result of its examination within ninety days after the adjournment of the Legislature. On the 20th of July last, the report of the committee, together with the accompanying evidence, was filed in the office of the Secretary of the Commonwealth, a copy of which will be laid before the House of Representatives.

In view of the facts reported by the committee, in reference to the organization and subsequent management of the Tioga County Bank, the Crawford County Bank, and the Bank of Shamokin, I would recommend a careful inquiry into the present condition of these institutions, and if it shall be ascertained that the public is likely to suffer injury from the further existence of either, a speedy and certain remedy may be found in a legislative repeal of the rights and privileges granted by the acts of incorporation. The power to alter, revoke or annul the charter of a bank whenever its continuance may, in the opinion of the Legislature, be injurious to the citizens of the Commonwealth, is expressly given by the Constitution to the General Assembly,—to be exercised, however, in such manner as that no injustice shall be done to the corporators.

Obedience to this constitutional injunction would require that in the event of a repeal of the charter of a bank, care should be taken that the rights of the stockholders to the surplus assets of the bank, after payment of its debts, were protected; and that suitable provision should be made for settling its affairs.

The injunction contained in the Constitution, that the repeal or revocation of a bank charter shall be in such manner as to work no injustice to the corporators, is not a qualification of the power to revoke, or annul the charter; but it is simply a requirement that, in taking away the charter, the rights of the stockholders shall be protected, so far as is consistent with the act of repeal itself. I do not doubt that the Legislature may alter, revoke, or annul, any existing bank charter, whenever in its opinion the continuance of the charter may be injurious to the citizens of the Commonwealth. Any other construction of the constitutional reservation, would make the interests and safety of the public subservient to the gain of the private stockholder. Believing, therefore, that there is no want of power, I cannot refrain from expressing my decided opinion that whenever it is clear that a bank is insolvent, or in great danger of becoming so, or whenever its privileges are so used or abused as to seriously prejudice the interests of the public, it is the duty of the law-making power to protect the people, by destroying its corporate existence.

In this connection I deem it my duty to reiterate the views expressed in my inaugural address. I then stated, as my decided opinion, that there should be no further increase of banks or banking capital under the present system—expressed a decided hostility to the issue of notes of a small denomination—and recommended such a change in our laws relative to banks, their organization and management, as would at least secure, beyond all question, the prompt redemption of all bills or notes put in circulation by the several banking institutions of the Commonwealth.

Well satisfied of the imperfection of existing laws relative to banks and banking, I deem it a duty to inform the General Assembly that I cannot give the Executive approval to any bills chartering additional banks without a radical change in the entire system. It is but just to state that in my opinion a large majority of the banks of the Commonwealth are well and safely managed, and in a perfectly sound condition; but this is due to the honesty

and intelligence of those having charge of them, rather than to the efficiency of the laws. Under the management of incapable or dishonest men, experience has shown, that there is really but little, if any, security to the public in the regulations and restrictions now to be found in our banking code. True wisdom dictates a reformation.

The ruinous losses which have fallen upon the people during the financial pressure of the past eighteen months, suggest the necessity of preventing their recurrence. Although many causes may have combined to produce these disasters, it is too plain to admit of doubt, that our banking system has been one of the most prominent. The value of the precious metals—the prices of property—and the wages of labor—are always affected by the abundance or scarcity of the paper medium received as a substitute for gold and silver coin. The power of the States to authorize a paper currency, through the agency of banks, has been so long exercised, and acknowledged throughout the Union, that it is no longer an open question. But it must be acknowledged that the power has been greatly abused. The delegation of this attribute of sovereignty to a number of irresponsible corporations, without proper checks to limit its exercise, and without providing any security whatever for the redemption of the issues thus authorized, has been attended with evils of the most alarming character. These corporations are practically made the exclusive judges of the amount of paper currency to be furnished to the people, and have the exclusive power to contract or expand their circulation at pleasure. Depositors and other ordinary creditors of banks, need no legislation for their protection. Every one who has direct dealings with these institutions, either as depositor or otherwise, enters into such engagements voluntarily, for his own advantage, and may be safely left to his own vigilance, and the ordinary remedies of the law, for his protection. But the millions of people engaged in industrious pursuits, the farmer—the mechanic—the merchant—and the laboring man—are under an imperious necessity to receive for their merchandize and their labor, the ordinary paper currency of the country. It is impossible for persons of this description to investigate the concerns of every institution whose notes are in circulation. But no investigation could save them from the losses arising from the defaults and frauds of bank officers and the insolvency of bank borrowers.

The note holders of banks have peculiar claims to the protection of the government. They are involuntary creditors, who are forced to receive the notes authorized by the government. They have no direct dealings with the banks. They do not trust the banks from any hope of gain. They have no profit in passing the notes which they would not have had in passing gold and silver coin. They constitute almost the entire community, and the humble and ignorant are always the greatest sufferers when a bank fails to redeem its notes. The whole people are, therefore, deeply interested in the security of the circulation allowed by law, although many of them may never have had a share of bank stock, or been within a hundred miles of its place of business. The government that authorizes the issue of a paper currency is under a high moral obligation to require ample and available security for its redemption.

The certificates of loan issued by the General Government, or by this Commonwealth, at a value to be fixed upon, with the power to require additional deposits of security, from time to time, as the loans depreciate in the market, would be as safe and available as any guaranty which could be provided.

A law requiring all issues of banks hereafter organized, to be secured by the pledge of these loans, would enhance the value of the present loans, and thus give the holders a premium not contemplated when they became purchasers, and for which they never gave any valuable consideration. This enhanced value would be derived from a privilege granted by the State, and the State

ought, therefore, to have the benefit of it, as far as this may be secured by legislation. The recent amendment to the Constitution circumscribes the power of the Legislature in creating State debts, with an exception in favor of debts contracted "to redeem the present outstanding indebtedness of the State." A law authorizing new State loans for the purpose of redeeming the present over due debt, would be within the constitutional exception, and would be free from objection on constitutional grounds.

The new loans, thus authorized, redeemable at the expiration of twenty years, with the banking privilege attached to them, would undoubtedly sell at a high premium. The proceeds of their sale should be applied to the payment of the present State debt, now overdue, amounting to more than seventeen millions of dollars. Under this system the State loans would no longer be held by foreigners, and the semi-annual shipments of specie, to pay interest, would therefore cease.

As the currency would be limited to the amount actually secured, the danger from expansions, which have heretofore stimulated the incautious to embark in ruinous enterprises, in overtrading, and in extravagance in their expenditures, would be greatly lessened, if not entirely overcome. As the securities would be in the hands of a high and responsible officer of the State, with authority to sell them for the purpose of redeeming the circulation, the power of the banks to arrest specie payments, at their own pleasure, would be at an end. The system proposed is as near an approach to a specie basis as the condition and habits of the people are at present prepared for. The duty of securing the community from losses continually arising from an unsafe currency, cannot be longer delayed, without a manifest disregard of the public interests. The subject is therefore commended to your early attention.

The report of the commissioners appointed to contract for and superintend the erection of a monument to the memory of citizens of Pennsylvania, who were slain or lost their lives in the late war with Mexico, will inform the Legislature of the proceedings had on that subject. After receiving proposals for the erection of the monument, and the adoption of a plan, it was determined, in view of the limited and inadequate appropriation made for the accomplishment of the purpose, by the last Legislature, to postpone the commencement of the work until further legislation could be had. It is the opinion of the commissioners that such a monument as would do credit to the State, and honor to the living and the dead, cannot be built for a less sum than thirty thousand dollars. If the Legislature should concur in that opinion, the appropriation should be increased accordingly.

The report of the State Librarian will inform you of the progress made in the catalogue authorized by the last Legislature, and the general condition of the Library, which has grown to be an institution that deserves your fostering care. I would commend to your attention the suggestions of the Librarian.

The report of the Attorney General, which will be laid before you, will exhibit the operations of the Law Department of the government, for the past year. The act of the 21st of April, 1857, which requires the Attorney General to keep an office at Harrisburg, and which provides that all debts due to the Commonwealth, shall be collected by that officer, has proved to be a highly beneficial enactment. Under its provisions large sums are saved, which were formerly paid for commissions and counsel fees. And the improved state of our finances is in no inconsiderable degree owing to the prompt manner in which outstanding claims are collected and paid into the State Treasury.

The Adjutant General's report, which will be laid before you, will show in detail the present condition of the Military Department. I would respectfully call the attention of the Legislature to the recommendations of that officer.

The militia law of 1858, has not been fully tested; but it is believed to be, in the main, an improvement on the laws in force at the time of its passage. One of its best features, and one that should be strictly enforced, is that the system is self-supporting. In no contingency should that department be a charge upon the public Treasury, in time of peace.

In referring the attention of the Legislature to the elaborate reports of the Auditor General and State Treasurer, relating to the finances of the State, which will be laid before you, I cannot refrain from giving expression to my views on the importance of a change in the mode of keeping and disbursing the public moneys.

The State Treasurer receives and disburses between four and five millions of dollars annually; and it not unfrequently happens that there is a balance in the Treasury exceeding one million of dollars. The bond of the Treasurer is but for eighty thousand dollars. He deposits the money of the State wherever he pleases, and it is paid exclusively on his own check. The monthly settlements with the Auditor General afford some security that the funds of the Commonwealth will not be misapplied; but it is entirely inadequate to the complete protection of the public interests.

Until the State shall adopt a different system for the collection, safe keeping and disbursement of her revenues, the money on hand must be kept either in the Treasury vault or deposited with the banking institutions in the State. For many years the latter mode has been adopted. I respectfully recommend that provision be made by law that no money shall be deposited in any bank by the State Treasurer without requiring security to be first given to the Commonwealth, for the re-payment of the sums deposited—that all checks issued by the State Treasurer shall be countersigned by the Auditor General, before they are used—and that daily accounts of the moneys received and paid shall be kept in the office of the Auditor General, as well as in the Treasury Department.

The commissioners appointed to revise the criminal code of this Commonwealth, are progressing with the duties of their appointment, and will report the revised code before the adjournment of the Legislature.

The various charitable and reformatory institutions, which have heretofore received pecuniary assistance from the State, such as the State Lunatic hospital, at Harrisburg—the Western Pennsylvania hospital, at Pittsburg—the Houses of Refuge, at Philadelphia and Pittsburg—the Pennsylvania Training School for idiotic and feeble-minded children—the asylums for the blind and deaf and dumb, at Philadelphia—the Northern Home for friendless children, at Philadelphia—I recommend to your fostering aid and care. The annual reports exhibiting a detail of the operations of these noble and excellent charities, during the past year, will be laid before you. I cannot recommend appropriations to charitable associations of a purely local character, however praiseworthy the objects and motives of their founders and supporters, or however useful they may be to their particular localities.

The present condition of the revenues of the General Government, demonstrates the urgent necessity of increased duties upon foreign importations. The people of Pennsylvania have ever taken a lively interest in the proper adjustment of a tariff; and they have, with singular unanimity, at all times, favored such an assessment of duties, as would not only produce revenue, but furnish the largest incidental protection to the great mineral, manufacturing, and industrial interests of the country. Had their voice hitherto been more potential in the councils of the nation, it is no longer problematical that much of the pecuniary distress, lately experienced by all classes and conditions of business men, might have been to a great extent averted. The necessities of the government and the people, now, alike, demand a change—an increase of duties—and I take great pleasure in endorsing the views of the President of

United States as expressed in his last annual message, relative to the ge proposed. His advocacy of specific duties on all "commodities which usually sold by weight, or by measure, and which from their nature are qual or of nearly equal value,—such as iron, of different classes, raw sugar, foreign wines and spirits," has met with a hearty response from the great y of the people of this State. It is to be hoped that his views on this ques- will be favorably regarded by Congress, and that the action of the Federal vernment may correspond with the suggestions of the President.

When I was called upon to assume the gubernatorial chair, nearly one r ago, in deference to public opinion, and my own feelings, after a rapid iew of events in Kansas, I stated, that "to the people of Pennsylvania admission of a new State into the Union—into that Confederacy of ich she is a member—must be at all times a subject of high interest. And elieve I express their sentiments, as well as my own, in declaring that all qualified electors of a Territory should have a full and fair opportunity participate in selecting delegates to form a Constitution preparatory to ad- sion as a State, and, if desired by them, they should also be allowed an qualified right to vote upon such Constitution after it is framed."

Subsequent events have confirmed me in these sentiments. The deplorable putes in the first session of the present Congress,—the popular excitement ulting from those disputes, together with other proceedings in their nature el and alarming, would all have been averted, had the people been secured "the unqualified right" to vote upon their domestic institutions. I regret be compelled to say, that, under various pretences, this sacred franchise been virtually withheld from them. When they refused to accept the compton Constitution, made for them by delegates representing the mi- ity, they were explicitly denied the privilege of making their own Consti- ion, unless upon a condition not previously exacted. If they accepted the compton Constitution, they entered the sisterhood of States at once, with opulation less than one half of the existing ratio of Congressional repre- tation; but, if they refused that Constitution, they could not be admitted o the Union, with the Constitution of their choice, until they were ready show, by a formal census, that they had attained a population equal to that io. The results have become historical.

The last expressive vote of the people of Kansas against the act of Con- ss, commonly known as the English bill, has for a time arrested Congres- nal intervention. Peace has resulted alone from the votes of the people, t from the suggestions of outside influences. But, during the angry feel- s which this controversy has aroused, the theory has been started, and in- ted upon, that it will henceforward be the duty of Congress to protect very in the territories, if the people of the territories shall fail to do so. e warrant for this extraordinary assumption is alleged to exist in the de- ion of the Supreme Court of the United States, in the case of Dred Scott. tertaining, as I do, profound reverence for the decisions of that august tri- nal, and standing ready to obey them, whenever they are enunciated, I have to be convinced that any such construction can be fairly given to their ion in the case referred to. Such a doctrine, no matter how sanctioned, supported, will shake the very pillars of our constitutional fabric. It would mpel every territory to elevate property in slaves above every other descrip- n of property—and to establish a slave code in its early municipal regula- ns; or else it would convert the Congress into a theatre of crimination and fusion, and fill the whole country with strife. And all this, without se- ing a single advantage to the north, or protecting a single right of the uth.

Regarding myself as fully committed to the doctrine of popular sovereignty its broadest sense, I can never subscribe to the theory of Congressional

intervention, as understood and supported by the opponents of thi
By popular sovereignty, I mean no violation of the rights of the
assault upon the institutions of the south—no appeal to sectional p
On the contrary, I regard the doctrine as the embodiment of the
will in States and Territories, as the conservator of the rights and t
ity of States and people—and as the only means by which a ve
dangerous agitation will be satisfactorily and perpetually "settled."

A theory equally heretical has been advanced in another portio
Union. It has been held that this government, divided into free a
States, as it was framed by our Revolutionary Fathers, cannot endu
all must become free, or all become slave. When such a doctrine
enforced, the Constitution will have been subverted—State sovereign
trated—State rights disregarded, and the liberty of the people destro
should meet an indignant rebuke from every lover of his country,
blood-bought right of the people and the States to self-government.

Under the various amendments to the Constitution of Pennsylvania,
fluence of the Executive has been greatly reduced by the transfer of pa
from the Governor to the people. This is in accordance with the pri
of self-government, but it must be acknowledged that in relieving the
tive from many serious responsibilities, it has diminished his ability to
tain the rights of the State against Federal and other encroachments, a
thrown a greater share of responsibility upon the people. The ex
patronage of the Federal Government, and the large salaries paid to its
in comparison with those of the State, present constant inducements
citizens to overlook the State in the pursuit of more lucrative employ
under the United States. It is, therefore, the more necessary that the
should guard the sovereignty of the State with increasing watchfulness
Constitution of the United States contains the great fundamental
which should govern its construction on every question respecting the
of the federal power. "The powers not delegated to the United States
Constitution, nor prohibited by it to the States, are reserved to the
respectively, or to the people." It is on this broad platform that every
of federal power not granted by the Constitution, should be sternly res
The tendency to centralization is so great, and the overshadowing influe
of power and patronage so seductive, that liberty cannot long be prese
without the exercise of sleepless vigilance in enforcing a strict construc
of the federal compact. The doctrine of State rights is the doctrine of
liberty. Popular sovereignty is the life-blood of our free institutions, and
palladium of our safety. Every patriotic inducement to sustain those ga
principles should be fearlessly held out to our citizens, and every unauthri
zed assumption of power should be resisted with unceasing energy, and
all constitutional means.

Having now discharged the duty imposed on the Executive by the Consti
tion, I cannot conclude without congratulating you upon the peculiarly fav
ble auspices under which you enter upon the duties of the session of 18
Few important subjects of legislation press upon your attention. Prude
firmness, fidelity—a watchful regard for the interests of the Commonwealt
a jealous guardianship of her finances—on the part of the government—
all that are required, under Providence, to ensure the continuance and incr
of our onward prosperity. Pennsylvania may then, at no remote pe
rejoice in the extinguishment of her public debt—the repeal of her one
and burdensome taxes—a fame and a credit untarnished—a free and pop
educational system—and an industrious and loyal people, prosperous
happy.

WILLIAM F. PACKER.

EXECUTIVE CHAMBER,
Harrisburg, January 5, 1859.